

STATE OF CALIFORNIA



MEMO

**To : POLICY AND PROCEDURE COMMITTEE  
KATHRYN ELLEN DOI, CHAIR  
BISMARCK OBANDO, MEMBER**

**Date:** March 25, 2014

**From : WILLIAM G. BRENNAN  
ROBIN PARKER**

**Subject: DISCUSSION CONCERNING PENDING LEGISLATION**

The following provides a summary of pending State legislation that is of interest to the New Motor Vehicle Board ("Board"). The criteria for reporting on "legislation of general interest" is that the bill impacts the Vehicle Code, the Board, and/or the automotive industry in general and does not directly impact the Board or its enabling statute. For purposes of this report "legislation of special interest" is that which directly affects the Board's laws or functions.

Bill summaries include an overview of the bill, including aspects of the overview provided by the Legislative Counsel's Digest, as well as the current status of the bill.<sup>1</sup>

a. Pending Legislation of Special Interest.

**Assembly Bill 988 - Assembly Member Jones** (Introduced February 22 and amended May 24, 2013)

**Status:** This bill passed the Assembly. It is a 2-year bill, and at the Senate Appropriations Committee.

**Support:** California Motorcycle Dealers Association (sponsor).

**Opposition:** None on file

**Legislative Counsel's Digest:** New Motor Vehicle Board: recreational off-highway vehicles.

Existing law establishes the New Motor Vehicle Board that regulates the activities or practices of a new motor vehicle dealer, manufacturer, manufacturer branch, distributor, distributor branch, or representative, as those terms are defined by the Vehicle Code. Existing law requires licensing by the Department of Motor Vehicles to do these activities for specified types of vehicles.

Existing law defines a recreational off-highway vehicle as a motor vehicle designed by the manufacturer for operation primarily off of the highway that has a steering

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<sup>1</sup> All statutory references are to the Vehicle Code, unless otherwise indicated.

wheel, nonstraddle seating, a maximum speed capability of greater than 30 miles an hour, and an engine displacement equal to or less than 1,000cc.

This bill would include the activities and practices of recreational off-highway vehicle dealers, manufacturers, manufacturer branches, distributors, distributor branches, or representatives within the scope of regulation by the Board.

This bill would require these entities to make application to the Department of Motor Vehicles for a license, but would exempt them from the written examination and education program requirements. The bill would require an applicant for a dealer's license for a dealer who deals exclusively in recreational off-highway vehicles to procure and file a bond with the department in the amount of \$10,000 before a license is issued or renewed. The bill would also require the holders of these licenses and the dealers, manufacturers, manufacturer branches, distributors, distributor branches, and representatives to pay fees for the issuance and renewal of a license.

b. Pending Legislation of General Interest.

**(1) Assembly Bill 225 - Assembly Member Nestande (Principal Coauthor: Assembly Member Medina)** (Introduced February 4, 2013; amended April 1, 9, 18, and May 9, 2013)

**Status:** This bill passed the Assembly and was referred to the Senate Committee on Transportation and Housing. It is a 2-year bill.

**Support:** Alvarez Jaguar, City of Palm Desert, City of Riverside, Light Electric Vehicle Association, Coachella Valley Economic Partnership, and Ramon Alvarez

**Opposition:** None on file

**Legislative Counsel's Digest:** Medium-speed electric vehicles.

Existing law defines "low-speed vehicle" as a motor vehicle, other than a motor truck, with 4 wheels that is capable of a minimum speed of 20 miles per hour and a maximum speed of 25 miles per hour on a paved level surface and that has a gross vehicle weight rating of less than 3,000 pounds. Existing law imposes certain restrictions on the use of low-speed vehicles on public streets and highways, and generally requires an operator of a low-speed vehicle to have a driver's license. A violation of these provisions is a crime.

This bill would authorize the operation of a medium-speed electric vehicle, as defined, at speeds of no more than 45 miles per hour on a roadway with a speed limit that does not exceed 45 miles per hour. The bill would require a medium-speed electric vehicle to meet certain safety requirements, including specified Federal Motor Vehicle Safety Standards. The bill would make, subject to exceptions, a medium-speed electric vehicle subject to all the laws applicable to a motor vehicle, and the driver of a medium-speed electric vehicle subject to all the laws applicable to the driver of a motor vehicle or other vehicle, as specified. Because it is unlawful and constitutes an infraction for any person to violate, or fail

to comply with any provision of the Vehicle Code, this bill would impose a state-mandated local program by creating a new crime.

**(2) Assembly Bill 1732 - Assembly Member Stone** (Introduced February 14, 2014)

**Status:** This bill was referred to the Assembly Business, Professions, and Consumer Protection Committee, and may be heard in committee March 20, 2014.

**Support:** California New Car Dealers Association

**Support:** None on file

**Opposition:** None on file

**Legislative Counsel's Digest:** Vehicles: manufacturers and distributors.

Existing law generally requires a manufacturer, manufacturer branch, remanufacturer, remanufacturer branch, distributor, distributor branch, transporter, or dealer of vehicles to be licensed by the Department of Motor Vehicles. Existing law prohibits these licensees from engaging in certain practices, including, failing to, within 48 hours, withdraw in writing an advertisement of a vehicle that has been sold or withdrawn from sale and advertising or representing a vehicle as a new vehicle if the vehicle is a used vehicle. Existing law makes it a crime to violate these provisions.

This bill would additionally prohibit a licensee from advertising a vehicle's prior use or ownership history in an inaccurate manner. By expanding the scope of a crime, the bill would impose a state-mandated local program.

**(3) Senate Bill 686 - Senator Jackson** (Introduced February 22, 2013; amended April 1 and 22, and May 7 and 24, 2013)

**Status:** This bill passed the Senate and was referred to the Assembly Judiciary Committee and Business, Professions, and Consumer Protection Committee. It is a 2-year bill.

**Support:** Consumers for Auto Reliability and Safety (sponsor), Advocates for Highway and Auto Safety, CARFAX, California Nurses Association, California Public Interest Research Group, Center for Public Interest Law/Children's Advocacy Institute, Consumer Action, Consumer Attorneys of California, Consumer Federation of California, Consumer Federation of America, Consumer Watchdog, Consumers Union, Enterprise Holdings, Hertz Corporation, Latin Business Association, Trauma Foundation, National Consumers League, Safe Kids California, State Farm, and 1 private individual

**Opposition:** California Chamber of Commerce, California Financial Services Association, California New Car Dealers Association, CarMax Auto Superstores, Inc., Copart, Inc., Civil Justice Association of California, and Independent Automobile Dealers Association of California.

**Legislative Counsel's Digest:** Vehicles: vehicle dealers.

Existing law provides that it is a violation of the Vehicle Code for the holder of any dealer's license issued as specified to advertise for sale or sell a used vehicle as

“certified” or use any similar descriptive term in the advertisement or the sale of a used vehicle that implies the vehicle has been certified to meet the terms of a used vehicle certification program if any of specified provisions apply, including, but not limited to, the dealer knows or should have known that the vehicle has sustained frame damage, and the dealer disclaims any warranties of merchantability on the vehicle. Under existing law, a violation of these provisions is a crime.

The bill would also prohibit that representation from being made if the dealer knows or should have known that the vehicle is subject to a manufacturer’s safety recall, and the repairs required to correct the defect have not been performed on the vehicle. By creating a new crime, the bill would impose a state-mandated local program.

Existing law provides that it is unlawful for a lessor-retailer to sell a vehicle without a vehicle dealer license or temporary permit. Existing law prohibits a licensed dealer from engaging in certain practices, including, among others, making an untrue or misleading statement indicating that a vehicle is equipped with all the factory-installed optional equipment the manufacturer offers. Under existing law, a violation of these provisions is a crime.

This bill would additionally prohibit a dealer from selling, leasing for an initial term of less than 4 months, renting, loaning, or otherwise transferring ownership at retail of a used vehicle, as specified, if the dealer knows or should have known that the vehicle is subject to a manufacturer’s safety recall, unless the repairs required to correct the defect have been performed on the vehicle. The bill would additionally prohibit a rental company that is also a dealer from selling or otherwise transferring ownership at retail of a used vehicle, if the rental company knows or should have known that the vehicle is subject to a manufacturer’s safety recall, unless the repairs required to correct the defect have been performed on the vehicle. The bill would require a dealer to obtain information about a used vehicle’s safety recall status, as specified. By creating a new crime, this bill would impose a state-mandated local program. The bill would also make a violation of these provisions actionable under the Consumers Legal Remedies Act and the Unfair Competition Law, and as false advertising. Specified prohibitions of this bill would become operative upon the initial effective date of the regulations adopted pursuant to a provision of the federal Moving Ahead for Progress in the 21st Century Act that implement that act. The bill would correct erroneous cross-references.

d. Pending Federal Legislation of General Interest: None.

This matter is for information only at the April 9, 2014, General Meeting. If you have any question or require additional information, please contact me at (916) 324-6197 or Robin at (916) 323-1536.

cc: Glenn Stevens